

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Southern California Edison Company's  
Application for Approval of Embedded  
Energy Efficiency Pilot Programs for  
2007-2008.

Application 07-01-024  
(Filed January 16, 2007)

Application of Pacific Gas and Electric  
Company Seeking Approval of Water-  
Embedded Energy Savings Pilot Program  
(U 39 M)

Application 07-01-026  
(Filed January 16, 2007)

San Diego Gas & Electric Company  
(U 902 E) for Approval of Energy & Water  
Efficiency Partnership and Budget for Years  
2007 through 2008.

Application 07-01-029  
(Filed January 16, 2007)

Southern California Gas Company (U 904 G)  
For Approval of Energy & Water Efficiency  
Partnership and Budget for Years 2007  
through 2008.

Application 07-01-030  
(Filed January 16, 2007)

**OPENING COMMENTS OF SAN DIEGO GAS AND ELECTRIC COMPANY  
(U 902 E) ON ORDER APPROVING PILOT WATER CONSERVATION  
PROGRAMS WITHIN THE ENERGY UTILITIES' ENERGY EFFICIENCY  
PROGRAMS**

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December 05, 2007

**BEFORE THE PUBLIC UTILITIES COMMISSION  
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Southern California Edison Company's Application for Approval of Embedded Energy Efficiency Pilot Programs for 2007-2008.	Application 07-01-024 (Filed January 16, 2007)
Application of Pacific Gas and Electric Company Seeking Approval of Water-Embedded Energy Savings Pilot Program (U 39 M)	Application 07-01-026 (Filed January 16, 2007)
San Diego Gas & Electric Company (U 902 E) for Approval of Energy & Water Efficiency Partnership and Budget for Years 2007 through 2008.	Application 07-01-029 (Filed January 16, 2007)
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**OPENING COMMENTS OF SAN DIEGO GAS AND ELECTRIC COMPANY  
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PROGRAMS**

Pursuant to Administrative Law Judge (ALJ) Steven Weismann's Proposed Decision ("PD"), dated November 15, 2007 San Diego Gas & Electric Company ("SDG&E") respectfully submits the following opening comments on the pilot energy efficiency/water conservation programs ("Pilot"). SDG&E appreciates the opportunity to provide comments on the PD.

**SUMMARY**

SDG&E is pleased that 3 of the 4 program proposals it submitted are approved by the PD. SDG&E appreciates the Commission's efforts in evaluating the utilities amended proposals but is disappointed with the changes that the PD makes to the overall utility proposals. SDG&E offers comments on the denial of the one proposed program and changes made to the "study" process (i.e., evaluation, measurement and verification ("EM&V")).

In addition, while SDG&E's comments herein are specific to SDG&E, SDG&E nevertheless supports the comments of Southern California Gas Company (SoCalGas) filed concurrently and will not repeat SoCalGas' comments herein

### **PILOT PROGRAM DISCUSSION**

SDG&E filed four pilot proposals, to be implemented with the San Diego County Water Authority ("SDCWA"), specifically the: Managed Landscape program, Large Industrial Customer Audits program, Recycled Water program, and SDG&E/SDCWA General Marketing and Outreach program. All but the latter are approved in the PD. The SDG&E program proposals are discussed on pages 70-71 of the PD.

#### **SDCWA/SDG&E General Marketing and Outreach Program**

The PD denies this program proposal because it is not "prudent to approve a marketing-only program as part of a short-term pilot program." The PD further states that "it is doubtful that this action would lead to energy savings in the time frame of the pilot." SDG&E respectfully submits that these reasons are flawed and offers the following rebuttal.

The PD fails to recognize that one of the key reasons for this effort is to leverage the marketing and outreach activities of SDG&E and SDCWA to their customers, an effort whose sole purpose, by definition, is intended to lead to additional energy savings (for SDG&E). SDG&E believes that the General Marketing and Outreach program will provide significant value to furthering the water-energy nexus in southern California and will provide conservation minded customers with easier access to information on water and energy conservation programs. As stated in the testimony of Mark F. Gaines, filed on January 16, 2007, there are numerous opportunities to leverage existing SDCWA programs and efforts with SDG&E programs and those opportunities should not be delayed to some future point in time. Rather, SDG&E and SDCWA should be commended and strongly encouraged to better coordinate their program marketing and outreach activities.

A specific example of joint outreach would be the utilization of SDG&E's Account Executives who have developed strong relationships with commercial and industrial customers and contact them on a regular basis to promote and implement

existing energy efficiency programs, provide technical advice and provide support on other energy efficiency matters. In the course of their regular visits to customers, the Account Executives would provide brochures and information on SDCWA's water programs. The Account Executives would also be trained on SDCWA's programs to be able to provide information to customers as well as refer them to SDCWA, as appropriate. Similarly, it is SDCWA's intent to cross-market SDG&E's energy efficiency programs and convey information through their customer contacts, thereby extending our reach to customers with the intent to have them access the SDG&E energy efficiency programs.

An additional element of the joint undertaking will be to better coordinate existing utility energy savings programs with the member agencies of SDCWA. SDG&E proposed this program in its initial filing on January 16, 2007 filing, and received no protests or discussion of it. While TURN and DRA protested the SoCalGas version of such a program, the SDG&E program was not addressed. Both SDG&E and SoCalGas believed that TURN supported the approval of this program based on several discussions in which the use of working more directly with member agencies as raised that TURN supported the approval of this program. As with the SoCalGas version, SDG&E respectfully submits that this issue should have been raised by TURN and DRA during the many workshops and exchanges in this proceeding that took place between the utility and stakeholders. This series of exchanges worked quite well as a method to exchange ideas and ultimately resulted in SDG&E's supplemental testimony filed on July 11, 2007, which DRA and TURN support. Had this issue been addressed therein, it is likely that a satisfactory resolution could have been crafted.

SDG&E in its General Marketing and Outreach (GM&O) proposal included funding for one full-time equivalent (FTE) individual to work on all four of the utility proposals. The PD denies authorization of the GM&O but recognizes that marketing is an important party of any successful program. As filed, SD&GE considered the four program elements to be part of a whole, whereby the activities of the FTE would be allocated to and support each of the four proposed elements. By denying authorization of the GM&O proposal, SDG&E is unable to fund the needed support anticipated for this pilot and believes that the effectiveness of its efforts would be compromised. Therefore,

SDG&E requests that the PD be modified and funding authorized for the FTE in the final decision to be reallocated to the approved pilot elements of SDG&E's proposal.

### **EVALUATION, MEASUREMENT & VALUATION STUDIES**

The PD (at pages 57-61) reiterates the seven goals of the water pilot as articulated in the Commissioner's February 2007 Ruling. In order to effectively make the determination whether these goals have been met, SDG&E believes that effective process evaluations are necessary to provide information on programmatic effectiveness in addition to estimates of potential load impacts derived from impact evaluations. This is articulated in the Commission's adopted EM&V Protocols<sup>1</sup>,

"It [Process Evaluations] is however critical to the successful implementation of cost-effective and cost-efficient energy efficiency programs. Process evaluations identify improvements or modifications to a group of programs, individual programs, or program components, that directly or indirectly acquire, or help acquire, energy savings in the short-term (resource acquisition programs) or the longer-term (education, information, advertising, promotion, market effects or market transformation efforts).

The primary purpose of the process evaluation is an in-depth investigation and assessment of one or more program-related characteristics in order to provide specific and highly detailed recommendations for program changes."

In order for the process evaluations to be effective, SDG&E requests that process evaluation funding be restored to 2 percent of the total pilot cost, rather than limited to 2% of the individual program costs. This restoration of the process evaluation budget would be consistent with A.07-01-030, Supplemental Testimony of Mark Gaines, Appendix A of Attachment, where the process evaluations accounted for 2% of the proposed total pilot budget or 10% of the overall EM&V budget. Furthermore, SDG&E believes that it should be allowed to determine how to allocate its total process evaluation funds across its programs as opposed to limiting the cost to 2 percent per program.

The PD also proposes major changes to the plans the utilities submitted. These proposed changes have not been subjected to review by experts in water industry

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<sup>1</sup> California Energy Efficiency Evaluation Protocols: Technical, Methodological, and Reporting Requirements for Evaluation Professionals, April 2006, page 131.

analysis, *e.g.*, for availability of alternative sources of data, cost, or suitability as compared to alternative analytical methods. The final decision should direct the Energy Division to retain consultants with expertise in water usage measurement and analysis to develop a final plan. This final EM&V plan should be subject at a minimum to a workshop and written comments before the CPUC adopts it. Alternatively, it should be subject to the same external review requirements as the Commission's 2006-2008 energy efficiency program evaluations. This would ensure that the Commission's objectives to use best available existing data and optimal methods for new data collection and analysis are met.

Some of the concerns SDG&E has with the PD's proposed evaluation plan are listed below:

1. Costly options are proposed for the new Study Plan requires. For example, the requirement to measure water use and changes in water use by in-line metering of water usage at the point of end use is a very costly approach when applied to small customers. The first choice should always be to use lower cost alternatives unless or until they have been demonstrated to be unreliable. Lower cost alternatives include using readily available monthly water usage data (billing data), weather and other data, combined as necessary with relatively low-cost customer surveys and spot measurement data, in well-designed statistical regression analyses.

Thus, for measures such as high-efficiency toilets, the original utility plan proposed a statistical billing analysis approach because previous studies have demonstrated that this lower-cost approach does provide significant and reliable results. In other cases, such as SDG&E's proposed Large Customer Water Audits Program, the plan proposed some in-line metering, but that was because the projects would be large and diverse enough to make the installation of such metering valuable and cost-effective for the customer.

An example of an expensive alternative choice in the PD is the revision of the previous Load Profile study design to require in-line metering to develop water use load shapes for four to six end users in eight different market segments. A conservative estimate is that it will cost \$2,000 per site for samples of 250 sites in each of eight market

segments, for a total data collection cost of \$4 million. An additional cost of in-line metering, that does not appear to be accounted for, is the financial risk it imposes on the organizations responsible for it. Inserting measurement equipment by invasive means creates potential liability for damage to water pipes, metered equipment and other property from any breakages or leaks that customers claim are caused by the installation and removal of the measurement devices.

2. The new Study Plan does not cite a literature review or analysis to support the necessity of this costly data collection option. Such expense might not be justified since there is no documentation as to whether such usage information has already been collected by water agencies or researchers, and/or whether existing analysis shows that a significant fraction of water-embedded energy cost is linked to the time of day in which water is used.

### **CONCLUSION**

SDG&E, for the above stated reasons, respectfully requests the Commission reinstate the General Marketing and Outreach program to SDG&E's Pilot and modify the EM&V studies requirements in its final decision.

Respectfully submitted,

By:           /s/ Steven D. Patrick          

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December 05, 2007

## **CERTIFICATE OF SERVICE**

I hereby certify that I have this day served a copy of the foregoing **OPENING COMMENTS OF SAND DIEGO GAS & ELECTRIC (U 902 E) ON ORDER APPROVING PILOT WATER CONSERVATION PROGRAMS WITHIN THE ENERGY UTILITIES' ENERGY EFFICIENCY PROGRAMS** has been electronically mailed to each party of record of the service list in **A.07-01-024**. Any party on the service list who has not provided an electronic mail address was served by placing copies in properly addressed and sealed envelopes and by depositing such envelopes in the United States Mail with first-class postage prepaid.

Copies were also sent via Federal Express to Administrative Law Judge S. Weissman and Commissioner D. Grueneich.

Dated at Los Angeles, California this 5th day of December, 2007.

/s/ Marivel Munoz

Marivel Munoz



**CALIFORNIA PUBLIC UTILITIES COMMISSION**  
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